

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF VIRGINIA  
Richmond Division**

<hr/>	)	<b>Chapter 11</b>
<b>In re:</b>	)	
	)	<b>Case No. 15-32919-KRH</b>
<b>HEALTH DIAGNOSTIC LABORATORY,</b>	)	
<b>INC., et al.,</b>	)	<b>Jointly Administered</b>
	)	
<b>Debtors.<sup>1</sup></b>	)	
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**LIQUIDATING TRUSTEE’S MOTION FOR ENTRY OF ORDER COMPELLING  
FIDELITY TO LIQUIDATE AND TURNOVER PROCEEDS OF QUEST 401(K)**

Richard Arrowsmith, in his capacity as the Liquidating Trustee (the “Liquidating Trustee”) of the HDL Liquidating Trust (the “Trust”), files the *Liquidating Trustee’s Motion for Entry of Order Compelling Fidelity to Liquidate and Turnover Proceeds of Quest 401(k)* (the “Motion”) pursuant to sections 105 and 542 of Title 11 of the United States Code (the “Bankruptcy Code”), seeking entry of an order (the “Order”) substantially in the form attached hereto as **Exhibit A**,

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<sup>1</sup> The Debtors in these Bankruptcy Cases, along with the last four digits of each Debtor’s federal tax identification number, are: Health Diagnostic Laboratory, Inc. (0119), Central Medical Laboratory, LLC (2728), and Integrated Health Leaders, LLC (2434) (the “Debtors”).

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compelling Fidelity Investments to liquidate and turnover the proceeds of the Quest Account (as defined herein). In support of this Motion, the Liquidating Trustee states as follows:

### **JURISDICTION AND VENUE**

1. The United States Bankruptcy Court for the Eastern District of Virginia (the “Court”) has jurisdiction over this matter pursuant to 28 U.S.C. sections 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. section 157(b)(2).

2. Venue is proper in this district pursuant to 28 U.S.C. sections 1408 and 1409.

3. The predicate for the relief requested herein is sections 105(a) and 542 of the Bankruptcy Code.

### **FACTUAL AND PROCEDURAL BACKGROUND**

4. On June 7, 2015, the Debtors filed with the Court voluntary petitions for relief under Chapter 11 of the Bankruptcy Code, commencing the Cases, styled *In re: Health Diagnostic Laboratory, Inc., et. al.*, and bearing case number 15-32919-KRH.

5. On May 12, 2016, this Court entered an *Order Confirming the Debtors’ Second Amended Plan of Liquidation* (the “Confirmation Order”) [Docket No. 1095].<sup>2</sup>

6. Under the terms of the Plan, on May 12, 2016 (the “Effective Date”), the Debtors and the Liquidating Trustee entered into the *Liquidating Trust Agreement* (the “LTA”), thereby granting, assigning, transferring, conveying, and delivering all of the Debtors’ rights, title, and interest in the Liquidating Trust Assets to the Liquidating Trust and the Liquidating Trustee for the benefit of the Liquidating Trust Beneficiaries and for the purpose of pursuing and/or disposing of the Liquidating Trust Assets in an orderly and expeditious manner and making distributions to the Liquidating Trust Beneficiaries in accordance with the Plan.

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<sup>2</sup> Capitalized terms not defined herein shall have the meaning ascribed to them in the Plan.

7. The Liquidating Trustee held certain causes of action against the Dent Parties, and in order to resolve all claims and related litigation in an efficient manner, the Court appointed the Mediator to oversee and help effectuate a global settlement between the Liquidating Trustee and the Dent Parties.

8. On August 30, 2022 (the “Mediation Order”) [Docket No. 5533], the Court entered an order appointing the Honorable Frank J. Santoro as the judicial mediator (the “Mediator”) over certain causes of action and litigation between the Liquidating Trustee and Mr. Floyd Calhoun Dent (“Mr. Dent”) and other related parties and affiliates (the “Dent Parties”).

9. On September 5, 2023, this Court entered an order approving a settlement agreement (the “Order Approving Settlement”) [Docket No. 5760] between the Liquidating Trustee and the Dent Parties, thereby resolving all causes of action and litigation between the Liquidating Trustee and the Dent Parties.

10. As part of the foregoing settlement agreement approved by the Court (the “Settlement”), certain of the Dent Parties are required to surrender certain of their interests, cash, and investments to the Liquidating Trustee, including a 401(k) (the “Quest Account”) in the name of Mr. Dent (the last four digits of the account number are 0043), which is currently sponsored by Quest Diagnostics Clinical Laboratories, Inc. and administered by Fidelity.

11. On May 2, 2024, pursuant to the Settlement, and in connection with a separate cause of action brought against Mr. Dent, among other parties, by the United States of America, the South Carolina District Court entered an order [Docket No. 1374] in Case No. 9:14-cv-00230-RMG, requiring Mr. Dent to transfer the Quest Account to the Liquidating Trustee.

12. To date, despite several requests from Mr. Dent and the Liquidating Trustee, Fidelity has failed to liquidate and transfer Mr. Dent's interest in the Quest Account to the Liquidating Trustee.

**RELIEF REQUESTED**

13. By this Motion, the Liquidating Trustee seeks entry of the Order pursuant to sections 105(a) and 542 of the Bankruptcy Code, compelling Fidelity to immediately liquidate and turnover the proceeds of the Quest Account.

**BASIS FOR RELIEF REQUESTED**

14. Under section 541 of the Bankruptcy Code, the property of a bankruptcy estate includes (with limited exceptions not relevant here) all legal or equitable interests of the debtor in property as of the commencement of the case, wherever located and by whomever held. Pursuant to the Settlement, the Quest Account is property of the Estate pursuant to section 541.

15. The Liquidating Trustee requests entry of an order pursuant to section 542(a) of the Bankruptcy Code, directing Fidelity to turn over and liquidate the proceeds of the Quest Account to the Liquidating Trustee.

16. In addition, Section 105(a) of the Bankruptcy Code provides that the Court "may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title." The Liquidating Trustee maintains that the turnover of the proceeds of the Quest Account are necessary to carry out the Settlement approved by this Court. Accordingly, relief under section 105(a) is appropriate.

17. The turnover of the proceeds of the Quest Account is the final action that needs to be completed before closing this Case. A hearing is currently set for February 20, 2025, on the *Liquidating Trustee's Final Report and Motion for (I) Entry of Final Decree and Order Closing*

*the Chapter 11 Cases, (II) Discharge of Claims Agent, and (III) Related Relief* (the “Motion for Final Decree”) [Docket No. 5961]. The Liquidating Trustee seeks an order compelling Fidelity to turnover the proceeds of the Quest Account by February 14, 2025, prior to the hearing on the Motion for Final Decree.

**WAIVER OF LOCAL RULE 9013-1(F)**

18. The Liquidating Trustee respectfully requests that this Court treat this Motion as a written memorandum of points and authorities and waive any requirement that the Motion be accompanied by a written memorandum of points and authorities as described in Local Bankruptcy Rule 9013-1(F) of the Local Rules of this Court.

**NOTICE**

19. Notice of this Motion is being provided to the Core Parties and the 2002 List in accordance with the Case Management Procedures and to Fidelity. Due to the nature of this request, the Liquidating Trustee submits that no further notice is required.

**WHEREFORE**, the Liquidating Trustee respectfully requests that the Court enter the Order, substantially in the form attached as **Exhibit A**, compelling Fidelity to liquidate and turnover the proceeds of the Quest Account by February 14, 2025, and granting such other and further relief as the Court may deem proper.

Dated: February 5, 2025

Respectfully submitted,

/s/ Robert S. Westermann

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*Counsel for Richard Arrowsmith, Liquidating  
Trustee of the HDL Liquidating Trust*

**Exhibit A**

**Proposed Order**

**IN THE UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF VIRGINIA  
Richmond Division**

<hr/>	)	
<b>In re:</b>	)	
	)	<b>Case No. 15-32919 (KRH)</b>
<b>HEALTH DIAGNOSTIC</b>	)	<b>Chapter 11</b>
<b>LABORATORY, INC., et al.,</b>	)	
	)	
<b>Debtors.<sup>3</sup></b>	)	
<hr/>	)	

**ORDER COMPELLING FIDELITY INVESTMENTS TO LIQUIDATE AND  
TURNOVER PROCEEDS OF QUEST 401(K) TO THE LIQUIDATING TRUSTEE**

Upon the *Liquidating Trustee's Motion for Entry of Order Compelling Fidelity to Liquidate and Turnover Proceeds of Quest 401(k)* [Docket No. \_\_\_\_] (the "Motion")<sup>4</sup>; and it appearing that the relief requested is in the best interests of the Liquidating Trustee and all other parties in interest; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and notice of the Motion having been adequate and appropriate under the circumstances; and sufficient cause appearing therefor, it is hereby **ORDERED, ADJUDGED, and DECREED** as follows:

1. The Motion is **GRANTED**.
2. Fidelity is ordered to liquidate the Quest Account and turnover the proceeds of such liquidation on or before February 14, 2025, to the Liquidating Trustee by check made payable to Richard Arrowsmith, in his capacity as the Liquidating Trustee of the HDL Liquidating Trust, and

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<sup>3</sup> The Debtors, along with the last four digits of their federal tax identification number, are Health Diagnostic Laboratory, Inc. (0119), Central Medical Laboratory, LLC (2728), and Integrated Health Leaders, LLC (2434) (referred to herein collectively as "HDL").

<sup>4</sup> All capitalized terms not defined herein shall have the meaning ascribed to them in the Motion.



who is located at the following address: 16510 Sugarland Road, Boyds, Maryland, 20841.

3. For the avoidance of doubt, Fidelity shall not need to consult or seek permission from Mr. Dent regarding the liquidation and turnover of the Quest Account to the Liquidating Trustee.

4. Notwithstanding any Federal Rule of Bankruptcy Procedure to the contrary, this Order shall be immediately effective and enforceable upon its entry, and any applicable stay of this Order is waived.

5. This Court retains jurisdiction with respect to any of the terms contained in this Order.

Dated: \_\_\_\_\_  
Richmond, Virginia

\_\_\_\_\_  
UNITED STATES BANKRUPTCY JUDGE

**WE ASK FOR THIS:**

/s/ Robert S. Westermann  
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*Counsel for Richard Arrowsmith, Liquidating  
Trustee of the HDL Liquidating Trust*

**CERTIFICATION OF ENDORSEMENT  
UNDER LOCAL BANKRUPTCY RULE 9022-1(C)**

Pursuant to Local Bankruptcy Rule 9002-1(C), I hereby certify that the foregoing proposed order has been endorsed by or served upon all necessary parties.

/s/ Robert S. Westermann